

Message Text

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ORIGIN SS-25

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DRAFTED BY EB:JLKATZ:SL

APPROVED BY EB - MR. KATZ, ACTING

EB/ORF/FSE - MR. RAICHT

S/S-O: L. MATTESON

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FM SECSTATE WASHDC

TO AMEMBASSY TEHRAN IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY JIDDA IMMEDIATE

AMEMBASSY AMMAN IMMEDIATE

S E C R E T STATE 245313

EXDIS, TOSEC 826

E.O. 11652: GDS

TAGS: ENRG, SA, IR

SUBJECT: SINGLE OIL PRICE

BRUSSELS FOR ASSISTANT SECRETARY ENDERS

1. EXXON REPRESENTATIVE (GREENWALD) INFORMED KATZ OF PROPOSAL MADE BY IRANIANS TO CONSORTIUM ON ESTABLISHMENT SINGLE PRICE FOR CRUDE OIL. PROPOSAL INVOLVES PRODUCER COUNTRY HAVING CONTROL OVER DISPOSITION ALL OIL WHICH IT WOULD SELL TO CONSORTIUM MEMBERS (OR CONCESSIONARY COMPANIES) AT FIXED PRICE UNDER LONG-TERM CONTRACT. CONCESSIONARY COMPANIES WOULD BE ABLE TO PURCHASE AT DISCOUNT WHICH IRANIANS SUGGESTED MIGHT BE 50 CENTS PER BARREL, ALTHOUGH THEY NOTED THAT SOME OPEC MEMBERS WOULD REGARD THIS MARGIN AS OVERLY GENEROUS. IRANIANS PROPOSED THAT DISCOUNT PRICE FOR MARKER CRUDE BE ESTABLISHED AT 9.85 PER BARREL (WHICH IS PRESENT AVERAGE PRICE FOR

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EQUITY/PARTICIPATION MIX) AND GENERAL MARKET PRICE

ESTABLISHED AT 10.35 PER BARREL. AMUZEGAR ASKED CON-SORTIUM MEMBERS FOR COMMENT ON THIS PROPOSAL. CON-SORTIUM HAS NOT YET REPLIED BUT SOME MEMBERS CONCERNED THAT PROPOSAL LOOKS LIKE ATTEMPT BY IRANIANS TO IMPLEMENT YAMANI 100 PER CENT EQUITY PROPOSAL BY OTHER MEANS.

2. ACCORDING TO GREENWALD, JUNGERS TOLD BY AKINS OF CON-VERSATION WITH YAMANI IN WHICH LATTER SAID THAT DECISION TAKEN BY SAUDI GOVERNMENT TO ESTABLISH A SINGLE PRICE SYSTEM. REPORTEDLY ANNOUNCEMENT WILL BE MADE ON NOVEMBER 12. EXXON UNCERTAIN WHETHER THIS INTENDED AS SAUDI STATEMENT OF POLICY WHICH MIGHT BE BARGAINING PLOY WITH ARAMCO OR WHETHER IT WILL BE DECRY OF KING WHICH THEY WOULD REGARD AS TANTAMOUNT TO NATIONALIZATION. REQUEST EMBASSY JIDDA COMMENTS ON FOREGOING.

3. GREENWALD INDICATED THAT THEY CONSIDERING WHETHER COMPANY CHIEF EXECUTIVE OFFICERS SHOULD REQUEST MEETING WITH SECRETARY KISSINGER AT EARLY DATE. INGERSOLL

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